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S E C R E T SECTION 01 OF 02 ASUNCION 000936

SIPDIS

STATE FOR WHA/BSC AND EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR LYANG
NSC FOR SUE CRONIN
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD DAN JOHNSON

E.O. 12958: DECL: 07/22/2010

TAGS: [PGOV](#) [PHUM](#) [PREL](#) [SNAR](#) [KCRM](#) [ETRD](#) [PA](#)

SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, JULY 16 - 22

REF: A. ASUNCION 786

[1](#)B. ASUNCION 813

Classified By: Ambassador John F. Keane, For reasons 1.5 (b) and (d).

[1](#)1. (U) SUMMARY

--Liberal Party Dissident Elected Comptroller
--Customs Trys To Take Control of CD Imports
--Protests Against US Troops
--Hassan Barakat Has Fled to Beirut

Liberal Party Dissident Elected Comptroller

[1](#)2. (U) Octavio Airaldi, member of the opposition Authentic Radical Liberal Party (PLRA), was elected as Paraguay,s new Comptroller General with 59 votes last week. Airaldi is one of the six dissident PLRA Congressmen that broke ranks in a June vote (ref A) to elect Colorado Party (ANR) Deputy Victor Bogado the new President of the Chamber of Deputies. The multiparty pact included members of the ruling ANR and the socialist leaning Country in Solidarity Party (PPS). The same pact secured the Senate Presidency for PPS Senator Carlos Filizzola, also in June (ref B).

Customs Trys To Take Control of CD Imports

[1](#)3. (U) The National Customs Director Margarita Diaz de Vivar announced this week that all imported optical media (CDs and DVDs) would now have to pass through customs in Asuncion before being distributed throughout the country. The purpose of the measure is to increase control and reduce opportunities for corruption. The move was made in cooperation with the Ministry of Industry and Commerce (MIC), which inspects shipments to assure compliance with the required pre-registration of imports with the Director of Intellectual Property. Now both inspections will take place together. Until now, there were five possible ports of entry for optical media. A common tactic has been to claim CDs, with their lower unit valuation, when in fact a shipment contains more highly valued DVDs.

[1](#)4. (C) COMMENT: This announcement comes after Diaz de Vivar has been under fire by local press and media for allegations of corruption within the Customs Directorate. She claimed to EconOff that the media is seeking her removal; especially newspaper Ultima Hora, whose owner, is a major importer of optical media. END COMMENT.

Protests Against US Troops

[1](#)5. (U) On July 20, more than 150 people protested the presence of the United States troops in Paraguay. The Permanent Popular Plenary group organized the protest. This group considers the presence of US troops to be an invasion of Paraguay's autonomy and claims the USG is after their natural resources, such as the Guarani Aquafer. A separate group, the Alto Parana Chapter of the Paraguayan Attorneys Association indicated that the presence of US troops is a violation of the principle of self-determination by the Paraguayan people.

Hassan Barakat Has Fled to Beirut

[1](#)6. (S) Embassy contacts have confirmed that Lebanese extremist Hassan Ali Barakat, the cousin of Assad Ahmad

Barakat, fled from the Tri-border region through Italy to Beirut on July 16. Hassan Barakat is suspected of laundering money in casinos in Brazil, Argentina and Uruguay. Minimize considered.

KEANE